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Some Essential Factors in the Evolution of International Trade¹

Whatever else we may dispute about to-day, we are all agreed that after the war drastic changes of some kind are inevitable in our economic policy both at home and abroad. While this is from many points of view a healthy frame of mind if it induces us to look without marked disfavour on new ideas, it also has some dangers if it encourages too much the belief that nothing which is old can possibly also be true. If we accept uncritically the view of a recent influential writer that "nineteenth century precedents are valueless and misleading," we may reject some fundamental and elementary truths the neglect of which would be extremely dangerous for us. We are indeed always passing through periods of transition, but it is perhaps most important, when the transition threatened is most disturbing and most rapid, that we should be careful to look for any factors in the situation which may be permanent, for if we do not keep these carefully in mind, we may blindly accept ideas which are put forward as new, but which are in fact very ancient, and which merely have an appearance of novelty because they are at the same time false. They have been criticised and rejected in the past and accordingly forgotten. We are the less likely to be led astray by such will-o'-the-wisps, if we devote some at least of our thinking to the basic principles whose truth remains untouched, whatever form of economic organisation we may happen to prefer, and whatever reforms or indeed revolutions in outmoded institutions we may think it proper to press for.

On glancing over the first rough draft of this paper, I was indeed a little embarrassed lest those who read it might feel that it had been a waste of their time to direct their attention to what was essentially so obvious and indeed, as some might think, commonplace. But on further reflection it seemed worth while to take the risk of being charged with

¹This paper was read before the Manchester Statistical Society on 10th March, 1943.

having overelaborated the obvious, for no one who has carefully followed discussions of economic and commercial policy both in this country and elsewhere, either before the war or more recently, in relation to post-war policy, can doubt that, whether formally rejected or not, the ideas which I wish to set out are not those which have guided either the thought or the action of many of those who have been responsible for the direction of policy in this field.

The substance of what I have to say will indeed not be very different from what I might have said if I had been dealing with the same subject five, ten or twenty years ago, and it is perhaps to be feared that much of it may still bear repetition five, ten or even a hundred years hence. The most appropriate method of applying the general principles which I wish to discuss will of course alter from time to time, and it will be convenient to take some of our illustrations from our own current preoccupations, but if we wish to get a sound basis for post-war policy, these things are best regarded strictly as illustrations, and not as introducing much that is fundamentally or radically new.

The factors to which I wish to direct attention affect directly the structure of production. I shall have no occasion to say anything about problems of finance or financial organisation, except to remark that an economist is sometimes puzzled to find that those who tell him in a challenging tone that finance ought to be regarded as a mere instrument and that the really important thing to which he should direct his thinking is the exchange of goods for goods frequently go on to elaborate schemes in which finance is clearly regarded as much more than a mere instrument and in the discussion of which the elementary facts of exchange of goods for goods seem somehow to be more or less forgotten.

The subject moreover may conveniently be introduced in the first instance without any specific reference to international trade. The normal end of economic policy is the provision of higher standards of living, the organisation of a larger volume of production. This end is not invariably realised; even when it is admitted to be important, action

designed to attain it may properly be modified by linking with it action appropriate for attaining other equally important ends, and in certain circumstances, such as war or a period of intense armament, the end of higher standards of living may be allowed for a time to recede into the background, though even then it is not likely to be entirely forgotten.

Can we make any useful general statements about the kind of change which is likely to, and indeed must occur in the structure of our economy if this end of higher standards of living is to be attained? We may with advantage look at the problem simultaneously from the two angles of the consumer and the producer. From the point of view of the consumer, a rising standard of living means that he changes his purchasing habits; of some things he buys more than he used to in the past (*e.g.*, he may buy an extra suit a year or go to the pictures more frequently), but it is pretty certain that he will not increase his expenditure on everything which he previously purchased to exactly the same extent. He may, for example, increase his expenditure on housing and furniture without purchasing any more bread, or if his income is already moderately high he may prefer to spend most of his increased income on holiday activities and add little or nothing to his ordinary household expenditure. Of some things indeed he may actually diminish his purchases because his improved standard of living now permits him to indulge tastes which formerly were too expensive for him, while he can drop altogether some of the simpler things for which he can now find more satisfying though more expensive substitutes. Before the war many people, as their incomes rose, diminished their expenditure on railway travelling while their motoring expenses rose more than in proportion. Even apart from the effects of petrol rationing, the decline of real incomes which war involves would probably have meant a partial reversal of this trend.

Corresponding to these changes in consumers' demand, which are the very essence of improvements in living standards, there must be corresponding changes in the distribution of the labour and capital available in the economy as a whole for the production of the things which consumers wish to buy. That

such changes have actually occurred under the most widely varying circumstances is of course a commonplace, though there has been much popular misunderstanding about their significance and value. It is difficult to find a single country whose average level of real income has been rising which does not show a relative decline in the importance of agricultural population, and a corresponding increase in the importance of industry, and usually much more of tertiary production, that is, of commerce, transport and services of all kinds. Eire is perhaps an exception, as the relative importance of agriculture as a field of employment has been rising in that country since 1871. But Eire is the only country in the world of which the total occupied population has been steadily declining throughout the period. The absolute numbers engaged in primary production there have fallen quite sharply, so that we may properly take Eire in this connection as an example of the point which is always worth bearing in mind, that it is rather arbitrary to base our study of these changes upon national units. If one took the trouble, one could no doubt easily find regions of considerable size inside other national units with a more varied economy than that of Eire which also appeared to be exceptions to our general rule, mainly for the reason that it had not been found convenient to develop within the boundaries of these regions the kind of employment which rising levels of income call for; or conversely, if we included Eire in a larger unit, such as Great Britain, or Western Europe, or Europe as a whole, we should find the general trend operative inside this wider unit, the abnormalities of particular regions, such as Eire, having been ironed out inside the larger population group.

This trend, particularly as it affects employment in agriculture, has frequently been the cause of quite unnecessary alarm and despondency, and there have been few countries where there has not been powerful but misguided political pressure to mould national policy in such a way as to bring people back to the land, or at least to discourage those who are already there from leaving it. When one observes that the trend is practically universal, at least in all countries

which have in the course of time improved their economic position, that it is observable in wealthy industrial countries like the United States, where the percentage of working population employed in agriculture, forestry and fishing fell from 53.8 in 1870 to 25.4 in 1935, in Great Britain, where it fell from 14.8 in 1871 to 6.4 in 1931, and in Germany, where it fell from 39.1 in 1882 to 20.4 in 1933, no less than in poor countries like Portugal, where the movement was from 65 in 1890 to 57.5 in 1911, or Finland, 69.2 in 1910 to 63.4 in 1930, or Japan, 77.3 in 1876 to 50.4 in 1930, as well as in wealthy, but still, according to the common view, mainly agricultural countries, like Australia, 44.2 in 1871 to 24.4 in 1933, or Canada, 48.3 in 1891 to 31.2 in 1931, the conclusion seems irresistible (and indeed we might well have reached it by processes of general reasoning, without any elaborate statistical verification) that we are dealing here with a real "natural" law. Wherever standards of living are rising, there is a strong tendency for the relative importance of agriculture as a field for employment and investment to decline ; or put the relationship round the other way, no relative decline in the importance of agriculture, no improvement in standards of living.

And here too the exceptions prove the rule, for they occur in countries such as Bulgaria and Hungary, where average income levels have not moved much. When moreover we observe that the proportion engaged in primary production tends to be lowest in the wealthiest countries, such as the United States, New Zealand, Great Britain, Switzerland and the Netherlands, and highest in the poorest countries, such as Bulgaria, the U.S.S.R., India and Turkey, the conclusion is irresistible that the trend we are examining is an inevitable consequence of economic progress. If we wish to stop the trend, that is the same thing as saying that we wish to stop economic progress, which is merely another way of saying that we think people are now (or were before the outbreak of the war) as well off as it is good for them to be, and that apart from measures to render less unequal the distribution of income, it is undesirable that we should attempt to push the average level any higher.

It must be of course admitted that, however intrinsically desirable it may be, this trend brings with it certain inconveniences, as is indeed the common fate of all desirable human or social phenomena. If, for example, there happens to be a depression, its consequences are especially inconvenient for those who have taken the risks of specialising in the kinds of work whose products only a wealthy community can afford to purchase, and the demand for which therefore falls off sharply in a depression. The moral to be drawn from observation of this phenomenon however would seem to be, not that we should resist the trend, and refuse to accept the risks of economic progress, but that we should strenuously endeavour to avoid booms and depressions. And anyone who still finds the prospect of further progress repellent to him may find some comfort in the grisly reflection that if we are unfortunate enough to stumble into another war it will be a great convenience to have a large proportion of the population engaged in peacetime in so-called "non-essential" work, because they can then the more readily be transferred to the tasks of war. As Mr. Geoffrey Crowther has pointed out, it required the labour of approximately $6\frac{2}{3}$ persons to provide the food needed by 100 consumers in this country, while in Germany $14\frac{1}{2}$ people had to spend their time growing food or making the goods for export which were exchanged for imported food for the same number of consumers. This is of course not the only, or perhaps the most important factor in deciding who will win the war, but it may be surmised that the native "non-essential" workers in this country or in the United States are turning out to be more efficient agents for war production than the millions of reluctant foreigners to whom the Germans have turned to fill the gaps in their labour supply.

The relative decline of agriculture as a field for employment, is of course only one aspect of the general process which I have in mind. From the general economic and sociological standpoint, it is perhaps the most important aspect, but from the standpoint of the evolution of international trade, it may be more profitable to look a little more closely at the changes which have simultaneously been going on inside the sphere of

manufacturing industry. Here too, as consumers' demands change with improvements in standards of living, there have been marked changes in the character of employment. They are not so easy to trace statistically as the broader more sweeping changes which stand out so obviously, but they are equally clear, and, on the whole, equally in the general interest. Let us take a few illustrative examples. It would be an advantage if we could concentrate upon industries which were exclusively concerned with satisfying a home market, and thus abstract as far as possible in the first instance from the influence of international trade to which we should turn later. This is in practice a rather difficult thing to do without more time for detailed examination of census figures than I have been able to spare; both in Great Britain and many other countries, moreover, accurate comparison over a long period of years is difficult on account of changes in statistical technique, for which in this country the Census of 1911 was an important turning point. But, with certain reservations the following figures may be taken as indicating with sufficient accuracy the point which I wish to illustrate. Between 1881 and 1931 in Great Britain, the number of persons per 10,000 occupied who were employed in manufacture of silk declined from 50 to 34, in the manufacture of woollen and worsted goods from 198 to 118, and in the manufacture of cotton textiles from 935 to 626. On the other hand the proportion employed in the manufacture of chemicals, explosives, paints, oils, rubber, etc., increased from 41 to 144, and in the manufacture of metals, machines, implements and conveyances from 728 to 1,145.

Although the statistical pitfalls become even more numerous if we try to examine in more detail movements of employment in specific industries, the attempt to do so gives further illustrative material for the view that in suggesting that satisfactory economic development in the future will demand important shifts in the relative importance of different fields of employment we are not asking for something that is novel or unprecedented, but merely for something which has already taken place within our own experience on quite an extensive

scale and the further extension of which in the future should therefore not create any insuperable difficulties or occasion any serious alarm. It is interesting from this point of view to compare the different rates of change in employment in different industries in Great Britain, as disclosed by the annual records of insured persons between 1924 and 1938 (reported in the Statistical Abstract published in 1939), and in the United States as disclosed in the census records for 1920 and 1930 of gainfully occupied persons 10 years of age and over. The figures are of course, not precisely comparable, and special influences, both statistical and otherwise, were at work in certain industries, but the comparison is both interesting and instructive.

Clearly large shifts in employment have been common-places in the past. The fact that they have not always been large enough should not be allowed to induce us to view with alarm proposals for further and larger shifts in the future. The point is an obvious one, but in view of the fact that plans are so often based on the implicit hypothesis that established employment positions are not to be interfered with, it appears to be one which will still bear a considerable amount of repetition.

Some of the figures already quoted have been affected by shifts in international trade, in relation to which indeed exactly the same general principles are applicable as those revealed by an examination of the basic conditions for raising standards of living within an isolated economy. Within such an isolated economy, the process of raising standards of living demands constant shifts in employment, away from the production of things which are less needed, or which the improvements in technical efficiency upon which rising standards of living must in the last resort be dependent make it possible to produce with a diminishing expenditure of labour, towards the production of the things which people with rising standards of living are now able to purchase. If the shifts do not occur standards of living do not rise, and attempts to resist the changes which are necessary are likely to react detrimentally upon the welfare both of those who try to stick to the old

Great Britain		United States	
Percentage increase in insured persons in industry in general	9.5	Percentage increase in number employed in Manufacturing and Mechanical Industries	10.0
Industries where number of insured persons increased between 1924 and 1938	Per-centage increase	Industries where number of operatives (excluding labourers) increased between 1920 and 1930	Per-centage increase
General Engineering	1.9		
Chemicals	15.2	Chemicals and allied industries ...	66.8
Printing, publishing and bookbinding	19.5	Compositors, linotypers and type-setters	31.0
Cardboard boxes, paper bags and stationery... ..	31.7		
Stationery and typewriting requisites	141.4		
Cannery	26.3		
Miscellaneous Food	27.2	Fruit and Vegetable Canning ...	83.7
Brick, tile pipe making	46.4	Brick, tile and terra-cotta factories	29.1
Furniture Making	54.0	Furniture Factories	35.0
Electrical Engineering	65.0	Electricians	31.0
Electrical wiring and contracting ...	232.7	Electrical machinery and supply factories	80.9
		Electric Light and Power	208.9
Motor vehicles, cycles and aircraft	90.6	Automobile Factories	33.7
Heating and ventilating apparatus...	246.6		
Industries where number of insured persons decreased between 1924 and 1938	Per-centage decrease	Industries where number of operatives decreased between 1920 and 1930	Per-centage decrease
Tobacco, Cigars, Cigarettes and Snuff	- 3.3	Cigar and Tobacco	-28.6
Leather Goods	- 5.3	Leather	- 4.2
Woolen and Worsted	-17.5	Woolen and Worsted	-20.0
Cotton	-31.5	Cotton	-29.9
		Cotton (labourers) ,	-29.9
Shipbuilding	-31.0	Ship and Boat building	-79.6
Coal Mining	-31.9	Coal Mines	-15.3
Wheeled Carriages, Carts, etc.	-47.0	Wagon and Carriage Factories ...	-70.7

employments when they are no longer needed there and of the community as a whole.

The position is not fundamentally different when, instead of thinking in terms of an isolated community, we think instead of actual communities like our own, where many of the elements needed for maintaining or improving standards of living are provided for us by producers overseas, in return for things which they equally need for maintaining or improving their own standards of living. It is always a legitimate ground for satisfaction when the traders of any country discover that they have such a comparative advantage in the production of some good or other as to justify their looking forward to having "an assured market" in foreign countries for a long period. But in the nature of things the assurance can never be absolute. There is always a chance, and often a high degree of probability, that tastes will change, that alternative and more attractive methods of securing the article in question will be offered to those who formerly gave us our assured market, or—and this is rather more fortunate for us—that we shall ourselves discover some other and more convenient method of assuring for ourselves the purchasing power overseas which we need to purchase the imports which we desire to have. We should, therefore, if we wish to maintain or to improve our standard of living, be prepared constantly to adjust our export activities to meet these probable changes in circumstances and indeed, so far as is possible, to be constantly on the alert to initiate changes on our own account which are likely to be advantageous to us.

Exhortations of this kind have of course been commonplace in recent years, but what, curiously enough in view of the history of the economic development of this country, has not apparently always been grasped is that such exhortations are not designed to induce us to depart from the practice of the past, but merely to continue and extend it. Some of us have even been inclined to play into the hands of our enemies by allowing it to be understood that during the 19th century we somehow acquired a virtual monopoly in certain export trades, and compelled the rest of the world to buy what we decided

was good for them, at the same time rejoicing ourselves in the comforts of a position where we could rely on always finding a market for our exports, and therefore were under no obligation from time to time to make structural changes in our economy of the kind which we are now being urged to face, and which it is feared involve so much difficulty. In fact the history of the development of British trade during the 19th century reveals a picture very different from this. British export trade flourished during this period because for a variety of reasons we were able to supply people in other countries with things which they were very eager to purchase. But the character of their demand was constantly changing, and in many directions alternative sources of supply were continually being opened up. In face of such a situation we were constantly exerting ourselves to adapt the structure of our production to meet the changing demands of our customers, and the trade records of the period reveal a high degree of flexibility.

A detailed examination of the changes in the structure of the trade of this and other countries from this point of view is again a task which can scarcely be undertaken in the limited leisure time which is available to most of us during the war. The statistical material is vast but difficult to digest, and its proper handling would be made difficult even for those who had already had some experience in this or related fields by changes in statistical practice and classification, not to mention the constant difficulty of taking into account the effects of price changes. I cannot pretend that the few illustrative points which I have collected are any more than a most sketchy indication of the useful work which might be done here. But while I cannot be at all confident that more skilled workers may not be able to discover some "howlers" even in my sketchy outline, the general outline of the picture which emerges is, I think, fairly clear and quite reliable.

I shall consider first of all the changes in the structure of British trade which occurred in the half-century or more before the outbreak of the last war. This above all, if one were to believe some of the accounts which are now given to us, was the period when British prosperity was firmly based upon

the happy coincidence of circumstances which enabled British traders confidently to go on supplying to the rest of the world just those goods in the production of which British manufacturers had already, as a result of getting in first in the early stages of the Industrial Revolution, been able to establish a competitive superiority. When however we examine the records of British trade between 1860 and 1910, we discover that, while it is both true and important that a substantial number of the staple export trades which had already developed by 1860 continued to make highly important contributions to the expanding national income, the still more striking thing is the changes which were constantly going on in the relative importance of the various export and import trades.

Textile manufactures were still in 1910, as they had been in 1860, the most important British export, with cotton standing well at the head of the list. Textiles were obviously among the stoutest bulwarks of British prosperity throughout the century, but the country would have been very much worse off than it was if at the same time there had not been a rate of development in other export trades much more rapid than the somewhat stately progress of textiles. The declared value of British exports in 1910 was 217 per cent. larger than the declared value in 1860. But while the value of textile exports in general increased during this period by 94 per cent. (the increase in cotton being 117 per cent., and in woollen goods 106 per cent., while some like linen yarn and haberdashery even declined absolutely), the values of certain other types of export had risen very much more than the average, so that the proportion of textiles to total exports fell from 62 per cent. in 1860 to 38 per cent. in 1910. Even by 1900 the value of British coal exports was more than eleven times as great as it had been in 1860. The value of chemical exports rose rapidly throughout the whole half-century, increasing more than eightfold between 1880 and 1910. (It is interesting to note that at the same time chemicals became an important item in British imports). The value of exports of machinery rose more than sevenfold between 1860 and 1910, and at least two entirely new trades, the motor and electrical industries, were also by 1910 becoming

important elements in British export trade. No doubt if one had the time to collect all the relevant details, one would find equally significant changes in the type and quality of the exports covered by each single one of the broad headings under which the tabulation has been made, changes which would further illustrate the flexibility of British export trade, but the broad conclusion stands out quite clearly that while, during this period, British traders and manufacturers very sensibly did their best to retain the markets which as the result of their skill and enterprise in earlier decades they had been able to build up, at the same time they seized such opportunities as offered to develop entirely new export trades, or to convert some which had previously been of little importance into trades which themselves, as time went on, also deserved to be described as staples.

The half-century before 1914 was however on the whole a favourable period when conditions were generally expansive. Except in a few relatively unimportant cases, there were no serious problems of contraction to be faced; the general picture is mainly one of widely varying rates of expansion. Can any useful evidence bearing upon our general problem be gained from a study of trade movements in the much more difficult inter-war period, the circumstances of which are naturally now much more in our minds? The catastrophic declines in many of the staple export trades during that period are quite familiar, and it is not necessary to recall any of the detailed facts about them. But what is more important to recall is that not only was there a tendency to divert resources to the development of the home market, a fact which has naturally attracted much attention, and which some people have indeed been too eager to accept as the only possible line for future policy, but there was also a significant trend in the direction of developing and expanding relatively new types of export trade, in the absence of which our position would have been very much worse than in fact it was. The calculations which I have made on this point are again quite rough, and it would have been advantageous to have attempted refinements which took into account movements in price and

other relevant factors, but here too the broad facts are not seriously affected by neglect of such corrections. My comparison is based on the trade returns for 1924, 1932 and 1937, and it will be sufficient, when we deal with the money values of the exports of those years, to remind ourselves that the general level of prices had fallen sharply by 1932, and that though there had been some recovery by 1937, the Board of Trade's general wholesale price index number was still at that time more than 20 per cent. below the level of 1924.

Were there during this period any export trades, which because of improvements in technique or of changes in consumers' demand in overseas markets were able to expand their activities even during a period of quite abnormal depression thus to some extent cushioning the country as a whole from at least some of the worse effects of the contraction which was taking place in the old-established staple export trades? It is indeed possible to list a considerable number of trades, some of them quite substantial, whose history as exporters during this period displays quite a sharp contrast when it is compared with the history of exports as a whole. The exports affected include the products of the motor industry, rubber tyres, electrical machinery, gramophones, wireless apparatus, products of the electrical and chemical industries, artificial silk, asbestos, photographic materials and books, some items in the list not having been separately distinguished at all in 1913. My list has been hastily selected, and it is possible that with a little more care I could make the contrast still more striking. The results of even this hasty calculation are however interesting and significant.

	1932 as percentage of 1924 value	1937 as percentage of 1932 value	1937 as percentage of 1924 value
Value of Total Exports	45.6	142.9	65.1
Value of "Expanding Exports" ...	77.2	169.0	130.5
Value of other Exports	43.2	139.7	60.3

While the total value of exports in 1932 was only 45.6 per cent. of the value of 1924, the value of what we may call "expanding exports" (though in fact not all of them were literally expanding taking the period as a whole, but were merely more or less keeping up), fell to only 77.2 per cent. of the 1924 figure. By 1937 exports in general were 42.9 per cent. above the 1932 level, but "expanding exports" had risen by 69 per cent., so that comparing 1937 directly with 1924, the total value of "expanding exports" had risen by more than 30 per cent., while the total value of non-expanding exports was still down by nearly 40 per cent. Nor were the "expanding exports" in the aggregate negligible trifles. Their total value in 1924 was nearly £55 millions, or 6.8 per cent. of total exports while in 1937 it was £71,600,000 or 14 per cent. of total exports and a good deal more than the value of the coal exports of that year.

I do not expect that these figures will strike anyone who reads them as novel or surprising, but I do suggest that in contemplating the appropriate structure for a post-war export policy they deserve a good deal more attention than is apparently given to them by many of those who are to-day thinking about our post-war problems. They deserve attention for two main reasons, first, because they indicate the line along which we ought to attempt to move if we are really seriously intent upon expanding our export trade after the war, and secondly, though this is a point which can scarcely be more than mentioned here, as it raises wide issues which deserve much more lengthy treatment, the contrasted fortunes of the two types of exports at once raises the further question why in fact the expanding exports were not nearly sufficient to fill the gap left by the extensive losses of markets elsewhere. For it is of course a commonplace that however valuable, or indeed one might say invaluable, the contributions made to the British economy as a whole during this period by the "expanding exports," they were far from offsetting the damage done in other directions. It would without doubt have been very much better for us if the expansion had gone still further; nevertheless instead of looking gloomily at the difference between the adjustments which were in fact made and the adjustments

which would have been ideally desirable, and drawing the defeatist conclusion that in the future the only hope for us is somehow to persuade or compel our customers in various parts of the world to take from us exports which they are not particularly anxious to have or would prefer to buy from someone else, we should reflect much more carefully than some of our publicists seem disposed to do on the important truth that to quite a substantial extent adjustments of the kind which suited the needs of the world as a whole at that time were made, and ask ourselves how best we can prepare to make further adjustments after the war which will be suitable in the different conditions of world demand which will then exist, and what is more, to ensure that these adjustments will be made on a scale sufficiently large to assure us the balance of payments' equilibrium at which we must aim.

Very much the same general conclusions as have been suggested here would emerge if we were to examine our problem from a slightly different angle, from the standpoint of the conditions which must be fulfilled if the frequently expressed purposes of the statesmen of the United Nations are to be realised and after the war we are to bend our energies to restoring and ultimately to raising standards of living everywhere. It is undoubtedly easy to talk a great deal of vague nonsense on this subject, and dangerous to underrate the difficulties in the way of rapidly attaining the objectives which most people would agree were ideally desirable. But provided it is not supposed that the problem before us is a simple one to be solved by a few slick devices, it cannot seriously be doubted that, even taking fully into account the destruction, both direct and indirect, caused by the war, the world will have at its disposal within our own lifetime productive resources, labour, capital, raw materials, knowledge and technical skill, quite adequate to ensure the resumption of the improvement in the material condition of the people as a whole, which was the outstanding feature of the economic history of the last century, and even at an accelerated rate, at least as compared with the movement of more recent years. To ensure that this end will be attained certain important conditions

must however be observed, the nature of which may be more clearly grasped if we return to our earlier discussion of the conditions upon which material progress within a closed economy must also depend.

In addition to the complications which have already been mentioned, there are several other significant inconveniences which material progress brings with it, and which are apt to make the social and economic groups most directly affected by them at the best somewhat lukewarm about the benefits of economic progress, or without positively condemning economic progress, and even honestly believing themselves to be in favour of it, to take steps which in practice mean that economic progress is obstructed or in the last resort made quite impossible. If real incomes rise for any reason, the prices which have to be paid for unskilled services which are practically 100 per cent. labour, and to which capital equipment makes little contribution, will tend to rise in ways which are inconvenient for those who have been in the habit of enjoying such services at cheap rates; the more comfortable middle classes in any country with a rapidly rising standard of living are likely for example, to find themselves troubled by what they describe as the problem of domestic service, which ultimately means nothing more than that many people who formerly sought employment in domestic service now find it more advantageous to turn to other and more attractive employments, and employments moreover in the absence of which the rapid material progress which is postulated would not occur.

More important for our purposes is the fact that material progress will be impossible unless there is free admission into the occupations and industries where increased production is necessary to provide consumers with the things without which no increase in their real incomes will be forthcoming. Such free entry may threaten or at least appear to threaten those who are already engaged in the production of these things with competition which may diminish the relative income advantages they have hitherto enjoyed. Material progress means, for example, more medical and other professional

services, but professional men are likely to think that they have an inherent right to the maintenance of their customary privileged income levels, and are not very enthusiastic about taking the steps necessary to provide the greatly increased supply of professional services which a community with a greatly increased real income would be able to purchase. Professional services are of course not an important element in international trade, but there is quite a close parallel between the position here and the position which arises when the process of material progress is initiated by further steps towards industrialisation in countries which have hitherto been mainly or exclusively agricultural.

This is of course precisely the problem which all countries who have had an active export trade in manufactured goods will have to face after the war. For a variety of reasons, there is certain to be increased industrial activity in many parts of the world which formerly purchased most of their requirements of manufactured goods from Great Britain, from the United States, Germany, Sweden or other highly industrialised countries. Some of this industrialisation may well be ill-advised and uneconomic, but a good deal of it will be perfectly sensible, and directly along the lines suggested by a general analysis of the steps necessary for raising real income levels and general standards of living. Some countries may indeed be looking hopefully for assistance from outside to provide the capital equipment necessary for industrialisation; some are already assured of such assistance, for the United States is committed to financing some of the industrialisation developments which have already made considerable progress in many of the Latin American countries, and even without foreign capital, other countries have resources of their own which will facilitate industrial development.

From the point of view of the producers elsewhere who in the past have exported abroad the products which the citizens of industrialising countries now propose to make for themselves this change is at first sight an unmitigated nuisance; from a long run point of view, however, it is an essential condition without which material progress for the world as a whole would

be seriously hampered. Prompt response to the necessity for change should indeed actually be in the interests of the older industrial countries, for, provided that industrialisation elsewhere is wisely directed, it will raise standards of living and effective purchasing power and thus create new demands or expand some which have already begun to develop, in meeting which the older industrial countries may find even more satisfactory fields for their productive energies than those in which they have hitherto operated. As was pointed out by the Balfour Committee in 1926, "to the individual trader who has habitually exported a particular class of goods to a particular market, and to all those who have specialised in the production of these goods, it may appear somewhat cold comfort to be reminded that the loss of this market may in the long run be offset by fresh developments of trade in other articles to other markets, from which they personally are by no means certain to benefit. It is only when the problem is looked at broadly from a national point of view that the importance of the compensations is fully apparent." The Committee added that "even from this point of view, the temporary loss and suffering entailed by industrial transition must not be lost sight of," but it is not entirely paradoxical to suggest that war-time dislocations offer an opportunity to diminish these transitional costs, and make them much less formidable than they might otherwise be in more normal conditions. To a considerable extent many industrialists will be faced with no other alternative but to make a new start. It would obviously be more advantageous for them to begin at once with the exploration of new markets for relatively new types of product than to devote their energies to patching up old markets, in relation to which the battle is almost certain to be a losing one. This of course does not by any means diminish the desirability of making proper preparations for re-establishing the British position in markets where British products seem likely to become again the best available. But if excessive emphasis is placed on the protection of established and traditional markets, it is highly probable that far too little attention will be paid to the overriding necessity for constant adjustment

in our production programmes to the constantly changing demands of consumers in foreign markets, an adjustment which can seldom be easy, but which in certain respects may be rendered somewhat less difficult by the much more violent changes which the war has already imposed upon us.

In fact we deceive ourselves if we suppose that we have any real choice in the matter. If we resist the world trends which are already in train, we shall be very much like the people who constantly bemoan the chronic shortages of efficient labour for domestic service. Their complaints do not remedy the situation at all, and merely postpone the time when they adopt the more sensible course of turning their minds to new devices for performing the tasks for which in the past they have been accustomed to rely exclusively on cheap domestic service, a course which indeed has already been taken in the United States. If changes are inevitable in the productive structures of our trading partners, we must frankly face the necessity for corresponding changes in the productive structures of our own economy. This lesson has of course often failed to receive its proper application in the past, and the stability of the world economy as a whole has suffered most from the failure of the United States to appreciate its urgency and importance. There have recently been several frank and authoritative statements in that country recognising this fact. To what extent United States policy will accordingly be modified in the future it would of course at present be rash to predict, but not only is the issue not a closed one, but to some extent we have it in our power in this country to influence the decision by refraining ourselves from adopting an obstructive attitude in face of the necessity for similar structural changes in our own economy.

The belief which is apparently held in some quarters that we can somehow or other compel customers in other countries to continue buying exports of ours which they do not particularly want to have appears to rest on a quite unrealistic view of the economic power which will be at the disposal of this country when the war is over. The theory, it seems, is that, on account of the attractions of access to our large internal market, we

shall be able to bargain with people who want to sell here, obliging them to accept in return such exports as we find it convenient to produce, instead of using the purchasing power which accrues to them as a result of their sales here to buy the things which they really want to have. But this theory assumes that there will in fact be a large and attractive market in this country, an assumption which is warranted only if the British people have a sufficiently large income to make possible extensive purchases from abroad, and in the long run such an income will not be available for us unless we are in fact successful in producing things which consumers in general, both in this country and abroad, are really anxious to buy. The striking success which Germany had before the war in using her home market as a powerful instrument for tying to herself the producers of weak neighbouring economies has had the unfortunate effect of concealing from many people the quite abnormal character of the circumstances under which this technique was applied. Its success depended largely on the fact that Germany was the only powerful economy which was practising it. The weakness of her neighbours was largely a reflection of the indifference of other countries to which they looked, but largely in vain, for alternative market outlets, and though we have no experience of the results of a situation in which two or more powerful economies were attempting simultaneously to practice the Schachtian technique or something resembling it, it is reasonable to suppose that an economy which was to practice it successfully in such circumstances would need to be a good deal more powerful than we have any reason to expect that post-war Britain will be. Still more important is the fact that, even in the highly unfavourable circumstances in which Germany's weak trading partners were placed before the war, they were already developing a certain technique of resistance, either by making changes in their own internal economies, or by the adoption of devices designed to stimulate exports to other markets, and it is by no means certain that if there had been no war Germany would not have found her efforts to control the imports of her trading partners subject, as time went on, to markedly diminishing returns.

In the long run the only way to maintain a satisfactory export trade is to offer one's prospective customers goods which they wish to have. In this important respect at least we should go sadly astray if we were to believe that "nineteenth-century precedents are valueless and misleading."

It is of course easy enough to urge in general terms the exploration of new types of export, and I have no particular competence to tell exporters what they ought to export after the war. Even before the war however, there seemed no good reason for accepting the view, which nevertheless had some influence, that the day of large-scale radical innovations in the technique of production was over, and that there were no more large technical changes in sight which enterprising business men would do well to explore and develop. In fact the success of the "expanding exports" referred to earlier was largely the result of willingness to explore and develop precisely these things. The scientists have been telling us a good deal lately about the hitherto unexploited riches of knowledge which they are able to offer the world. Scientists do not always have a very clear grasp of the economic implications and presuppositions of the inventions and discoveries for which they are responsible, and popular exposition easily exaggerates the immediate significance of discoveries which may take decades before they can become a practical basis for production on any considerable scale, but when all the necessary cautious qualifications have been made, the evidence is still very strong in favour of the view that already possibilities exist whereby an enterprising trading nation could in the course of time develop more than adequate substitutes for all the contracting markets to which it must inevitably adjust itself in a rapidly changing world. Scientific and technical knowledge indeed has always been the most important factor underlying the course of economic progress, and if further developments can be counted on in this field, the basis for the adjustments in the structure of world trade which in any event will be necessary and which if properly handled will also be to our advantage, is already available for us to build upon.

It is a matter of no little interest that these considerations are already receiving the most serious attention in other parts of the world. I shall content myself with one illustration, Switzerland. Last October, an address was given in Basle to the Swiss Statistical and Economic Society on Swiss industrial re-adjustment to the requirements of the post-war period. The speaker was able to show that in many directions Swiss industry was already prepared to turn back from the demands which had arisen during the war to meet the new demands which peace would bring with it. He gave an impressive list of industries in which research had already developed new techniques and new products which would be suitable for this purpose, including the metallurgical and machine industries, and above all the chemical industry, in connection with the conversion and refinement of raw materials, biocatalytic substances such as hormones, vitamins and alkaloid preparations, coal tar products, gas turbine locomotives, developments in the electrical industry, new textiles fibres, the use of magnesium in the aluminium industry, etc. Great demands, he said, would be made of the elasticity of the Swiss economy immediately after the war, and already many industrial concerns, both large and small, were in an increasing measure strengthening their technical staffs and increasing the number of their scientific collaborators, making resources available for research and the construction of laboratories some of which had already reached the stage of completion. It is perhaps fortunate for Switzerland that its inhabitants can cherish no illusions, such as some of the inhabitants of a more powerful country like ours find rather attractive, about their power to compel the rest of the world to adapt itself to Swiss requirements. They see clearly that their only hope for continued prosperity is to make available for export markets things which people abroad will really be anxious to buy, and their method of attacking the problem is one which might well commend itself to industrialists and statesmen in this country.

A. G. B. FISHER

Mass Observation: a Comment on People in Production¹

To anyone who has been able to command patience enough to read *People in Production* from beginning to end it will seem strange that the book should have been given so little attention in the press since its first appearance in April, 1942. It is certainly a long, badly-arranged book, uneven in texture, full of tiresome repetition and Mass Observation mannerism. The material, instead of being mastered, and subordinated to a clearly-understood aim, has itself mastered the author by its volume and variety, so that the reader finds the work of digestion transferred to him. In the course of 410 closely-printed pages, he must also submit to a good deal of pretension, to constant reminders about "trained, whole-time, objective investigators," to the working off of an anti-academic anti-politician, anti-economist complex, and to a sort of amateur didacticism. Although Mass Observation has been at work for five years, a time long enough for it to have settled down into an accepted, properly-valued position as a research organisation, it still seems troubled by an inverted inferiority feeling, issuing in an aggressive consciousness of its own worth and an illusion that "sociology" or "social science" is exhausted by the study (preferably by Mass Observation) of what people think and say.

Yet these aspects of *People in Production*, like its tendency towards flippancy with words and to an Americanised slickness of expression, become merely minor irritants in comparison with the extraordinary range of values which it offers. It is not every day that the collected experience of twenty observers who have gone the round of war industry for several months, is made available to those of us who are acquainted with one or two of its aspects or with none at all. When this experience is supplemented by the diaries of voluntary observers in different jobs in different areas, and by the undoubted if sporadic insight of the author of the Report, there are bound

¹A Report prepared by Mass Observation for the Advertising Service Guild. 10/6. April, 1942.

to be ideas and descriptions worth looking for. Beginning with an analysis of industrial inefficiency and of accusations directed against the various participants in war industry from within and without, the Report goes on to deal with the present (early 1942) use of the men and women available to industry : the questions of hours, earnings, absenteeism, and the human problems needing attention, such as shopping and transport : and, finally, the relations between management and workers, with special reference to leadership and morale in industry.

The emphasis throughout is on the same first principle which has been reiterated since the last war in slightly different and less dogmatic form, by the Industrial Health Research Board, the National Institute of Industrial Psychology, and, indeed, by all those interested in industrial welfare and labour management. "First and last, industry depends on the human incentives and the human relationships" (*People in Production*, first edition, p.367). Instead, however, of expressing this conviction in laconic, coolly-worded reports carefully narrowed down to one or two special problems, where statistics come first and conclusions second, if at all, Mass Observation gives us in this book an intensely personal assessment which is the result of intuitive brooding on material won chiefly from interviews and personal impressions. The approach is not that of the industrial expert or of any particular section within industry, but rather that of the observant amateur brought face to face with the complexities of war industry for the first time. This freshness of outlook gives us a new picture of industry, made up of vertical rather than horizontal lines, cutting through sectional preconceptions and suggesting the form of those forces which seem to Mass Observation to be gradually transforming industrial life as a result of wartime exigencies.

The war has shown, according to Mass Observation, that the technics of industry have overrun the humanities. While in peace-time the humanities were not primarily important from the point of view of production, since there was usually a surplus labour force to draw upon, they are now forced into

prominence by a war depending on industry to an unprecedented extent and at the same time creating an irremediable scarcity of workers for industry. The conclusion which Mass Observation is driven to by its investigations is, however, that the crisis is one of mindpower rather than of manpower; that the problem is not so much to get more *numbers* of men and women into industry, or to alter the machinery of production administration, as to discover and put into operation means by which the minds and bodies already in industry may be used to the best advantage. In this connection it is demonstrated what harm has been done by the lack of vocational tests and proper placing of workers in industry, by ignorance, misunderstanding and bad publicity. We are told, however, that "the background is still tolerant," and that much lost ground might be regained if those in authority would stop under-rating the intelligence and goodwill of the people in production, and would treat them as individual human beings with desires and failings rather than as an undifferentiated mass suitable for regimentation. The solution is not, of course, simply a matter of appeals, and talk and news, any longer. It is moving more and more into a matter of method . . . The economic incentive in industry is declining . . . The only alternative incentive appears to be the straight feeling of national urgency and unity, still strikingly absent in relation to the nation's supreme need. This can be obtained at the price of a new spirit of responsibility from those inside industry and from those outside commenting on it. You cannot get a new spirit without new experiments, new processes, new ways of mixing the constituents and distilling the results. It is waste of breath to appeal by mere words, after two and a half years of war. That breath can do little more than form a temporary haze on the glass of traditional motive behind which war industry still operates. If changes are needed, the glass will surely have to be broken, and the alarm bell inside vigorously pushed.

Mass Observation has come up against the same truth as that which Peter Drucker has made the theme of his recent book "The Future of Industrial Man": that the "industrial

plant has become the basic social unit, but is not yet a social institution." *People in Production* is, then, to be taken as an interpretation, a spicy, often sound and occasionally brilliant interpretation of the sides of war industry likely to appeal to a biologist with a flair for human beings. As such, it fills out with flesh and blood the generalised and mechanistic skeleton of production suggested by political speeches, the newspapers and official pronouncements. The difficulties of the managing director and the foreman are made intimately real to the ordinary reader ; the workers' craving for security and fear of insecurity become as comprehensible as the attitude of the Welfare Manager who, in speaking of his efforts to improve the morale of workers in his factory, said "It's like pushing against a wall of cotton wool." The diary account of the Betteshanger Strike, the journal of the harrassed Labour Supervisor dealing with transferred workers who included "a striking blonde from a beauty parlour and a brunette from a gownshop, both in the West End," and the investigator's account of Mrs. B. working all day and yet managing to keep house for six people, stamp the picture of war industry upon the mind extraordinarily vividly. It would be difficult, moreover, to find a better description of the significance of the Essential Work Order in its effect on industrial structure and the minds of the people to whom it refers, than the one in this report. If it were only for this, *People in Production* would be an important book.

In the chapter on Absenteeism, there is refreshing common-sense and a gathering of material from different industries which admittedly becomes over-generalised in presentation, but is none the less suggestive for that. Anyone who has studied absenteeism in its actual occurence will be glad to see it said that "absenteeism includes practically all the human factors in industry. It is not just an -ism. There is no cut and dried reason for it. There are all the reasons why people do anything different from 'ordinary.'" With ordinary outlets stopped up by the Essential Work Order "absenteeism becomes an indirect form of optionalism and independence, a way for the restless worker to do something else for a day. Or alternatively it arises from some necessity or desire which can often

be met by the firm if the management has foresight and makes suitable provision for its employees. Or it is inevitable, and nothing can be done about it." Absenteeism, in the last resort, apart from that caused by real sickness and accident, depends on "the personal calculation which people make for themselves as between the odd hour or day at work, and their own affairs."

Study of the factors causing absenteeism among Manchester dock workers provides illustration of the statement made by Mass Observation that the cash incentive, which used to be so powerful an influence in this personal calculation, is soon exhausted in war-time conditions of spending where earnings are tolerably high. Apart from the feeling of duty, there is little to replace the economic pinch in counteracting the temptation, made stronger by difficult conditions of work and travelling, to take personal reliefs on the job. "Part of the problem of war-time efficiency is to produce by leadership, supplemented where necessary by legislation, contradictions of the natural impulse." The ability to get to work despite a cold, a rain storm or a train smash, depends largely on the feeling of urgency, loyalty, interest and usefulness in what you are doing. This total mood is vital. The fact that absenteeism, therefore, is only one fragment in the mosaic of each factory's life, and that it can be understood and dealt with in its local background, is well brought out in the variations of absenteeism experience among factories producing similar products in the same area. Indeed, Mass Observation has come by its own methods to the same conclusion as H. M. Vernon in the Industrial Health Research Board's report, "A Study of Absenteeism in Ten Collieries." This conclusion "is related to the extraordinary sensitiveness of the worker to his conditions of work and his general environment. Any and every change of conditions affects not only his voluntary absenteeism but, in addition the time lost by sickness and accident as well."

In describing the impact of events and propaganda upon the people in industry ; in hammering home the importance

of what people think about facts as well as the facts themselves ; in grasping the significance of Works' Councils and the things making for their success or failure ; in showing the importance of leadership and morale in industry where the men who work the machines are real, and not merely "economic," men—in these and other allied activities Mass Observation has an original contribution to make, and makes it strikingly. If atmosphere, strains, frustrations and feelings are, indeed, as fundamental as Mass Observation makes them out to be, and there seems no reason to doubt it, we must admit that there is room and need for interpretive investigation of this kind ; and that the chief equipment for it must be the kind of understanding, shown in this Report, which is susceptible to these intangible but powerful influences. We must appreciate the quick realistic sensitiveness which sees people as they are and penetrates into the motives and attitudes impelling them in their daily lives. There is a value in this vivid interest in ordinary people, and in this shrewd understanding of the working of our minds, which no one concerned with the study of society or the running of industry can afford to ignore. Indeed, social investigators of all kinds do well to keep at the back of their minds when meeting social situations, some such question as "What would Mass Observation think of this? What would Mass Observation get out of this?" It is often a salutary way of righting the balance of one's thought about a problem, and of stimulating further reflection, to think of what someone with a special "line" would have to say. Mass Observation has, after all, in spite of the failings that draw irritated hostility from some critics, lighted upon a profound truth, often neglected by worshippers of the external. The over-emphasis accompanying its exposition may be the providential way of bringing home to us something it would otherwise be easy to forget. Is it not mostly by our reception of other people's over-emphasis, and by our reactions to them, that we notice and remember particular parts of truth?

This is not to say that in bringing the human factor in industry to our notice, Mass Observation tells us in an authoritative way all there is to be known about it. The treatment is

very superficial in places, the generalisations a little too easy, the method too much like that of bird-watching and too little like that of humble responsible enquiry into human behaviour. And the authority of the author's remarks will be undermined for many by the complete absence of scientific method in the gathering, handling and presentation of evidence.

In the first place, there is no clear understanding as to the aim and province of the enquiry. It is marked throughout by a remarkable dichotomy that no one seems to have noticed. "This investigation covers what people *think* and *say*; they may be mistaken, ignorant, unaware of the true facts, but what the people think, their morale, is our very important subject. We endeavour to probe beneath the surface, to dissect out the nerves, muscles and arteries where most of the complications and uncertainties arise." From these assertions it would seem that the Report is to confine itself to the study of opinion, according to the principle laid down by Mass Observation in "War begins at Home" that "sociology should link the leader and the led; it should reflect and interpret public opinion." This aim would link *People in Production* with the Coronation Day Survey, and with the studies carried out for the Advertising Service Guild on the impact of Clothes Rationing and Home Propaganda upon public opinion; and it would require the same technique of interview, free chat and overhearing of conversations, in which Mass Observation may now be supposed proficient. But we are also told that "we have been concerned simply with ascertaining all those facts which seemed most relevant to an understanding of the present situation" . . . "we are attempting to describe those things which exist." If this is true, Mass Observation now recognises that people in action, people in organisations and institutions, people in relationships, are as real and as important material for social study, as people in thought and expression. Most of the Report is indeed written on this assumption, and its best parts are those which most openly bear it out.

But there has been no advance in the technique of investigation to correspond with these more ambitious aims. In discussing so vast and amorphous an entity as "war industry,"

Mass Observation has relied for its evidence on the interview, the written statement, and direct observation by its own investigators, with incidental information from journals, etc. Twenty investigators obtained "detailed information" from the managements of eighty firms, including examples of the largest and smallest types of firm engaged in war production, and including representatives of "all" points of view. Apart from this, there is no indication of the basis on which these eighty firms were selected. The executives, foremen, and personnel managers interviewed were not chosen from the same eighty firms, but from "most of" the eighty and "many others." The firm basis was entirely dropped in choosing the 1,200 workers inside war industry. We are now told that "Mass Observation insists on the importance of relating opinions to behaviour, environment, and the whole local set-up. For this reason, the study (of workers) was concentrated in seven areas." It restores little confidence that these were areas "in which particularly full information had already been obtained from the management side" or that "much of" the information about workers came from people working in the same factories as those where the management had been studied. Of the considerations influencing Mass Observation's choice of the 1,200 within the seven areas, nothing is said. This is a very important omission, in spite of the reassurance given in the introduction that "the number of people (*i.e.* the 1,200 workers) contacted was practically as many as those interviewed in an opinion poll which would claim to represent the whole of Britain." The workers not engaged in war production who were interviewed, are described as being "almost . . . but not quite as many" as the 1,200 war workers, but nothing is said of the industries from which they were drawn, whether they were tackled at work or in the street, whether there were special reasons for choosing those particular individuals. For "the Trade Union angle," "three of the principal figures in the T.U.C. provided their views and many of the lesser officials in the various areas were studied" . . . "Similar information has been obtained as regards Shop Stewards."

During the course of the interviews with workers, information was sought about nineteen subjects enumerated in the introduction "and many other points have been covered where they seemed relevant." This catholicity may help to account for the poor arrangement and assimilation of the material collected. The nineteen subjects are an extraordinary mixture of factual subjects and matters of feeling arranged with no regard for logical relationships. Here are four in the order of their appearance in the list :

Diet, canteens.

Feeling about the war and war effort generally.

Feeling about post-war, unemployment, own job.

Transport arrangements.

There is, moreover, nothing to show whether each investigator conscientiously covered all the nineteen subjects in each case, whether he took notes at the time of the interview (which would account for their presentation verbatim and not merely approximately) or whether the accounts of conversations were written up later. We do not know how the questions were put to the different people interviewed, and we cannot allow for individual bias because we do not know which or how many of the interviews were carried out by each of the twenty investigators. Apart from certain specific polls of opinion, moreover, there is no attempt at setting out statistically the whole range of material collected or the subjects which the investigators were asked to bear in mind. Arresting quotations from diaries and conversational tit-bits of all kinds are used to get chapters into their stride, and to round them neatly off ; or, more frequently, are specially picked out to illustrate a general idea which the person writing the Report wishes to put forward. Because of this prevalent "anecdotalism," it is impossible to check the worth of many statements especially where their value depends largely on the width of their application and the reliability with which this can be ascertained. An author who can introduce lists of these anecdotes, knowing the indiscriminate nature of his material, with "Here are some typical comments from B class people" and "Here are some typical extracts from the diary of a Welfare Manager" (p. 95)

has hardly succeeded in justifying his claim for Mass Observation that it is "a scientific fact-finding body"; and many would dispute his right to say "we have made every effort to be as accurate as the highest academic standards require." (p.x).

Perhaps one of the most damaging results of relying almost exclusively on the interview for information, is the overweighting of the evidence in favour of articulate people with formulated opinions at the expense of others who are more taciturn, and who tend to act on complexes of values and habits which they rarely inspect or discuss but which are no less real for that. The diaries, reports, and written statements so frequently quoted in *People in Production* are also sectional in tone. They tend to come from those people within industry who are most accustomed to writing, are most conscious and most likely to have a point of view: for example, Welfare Managers, Trade Union leaders, Managing Directors, Works Managers, and foremen. These documents tend, also, to give undue prominence to the views of the type of person from which Mass Observation's voluntary observers are recruited. It is hard to believe that it was scientific curiosity, unmixed with any other motive, that impelled the voluntary observers who "on their own initiative, made considerable studies of workpeople's opinions and attitudes in their own areas" (or the lorry driver delivering certain materials to many war factories in a great city who sent thirty pages of closely-typed notes from there); or that these observers had training enough to equip them for such ambitious tasks. The limitations of this Report point the relevance of R. H. Thouless' moral—"there seems to be no foundation for the opinion that the collection of social facts is so easy that social science can be advanced by the accumulation of observations by enthusiastic but untrained observers" (Article on Scientific Method and the use of Statistics in "The Study of Society," 1939).

Even where figures do occur in *People in Production*, where the author is trying to give a scientific account of public and private opinion on specific issues, according to the numerical units involved, their value is very dubious. They are intended to show how many people in the different classes, age-groups,

areas, etc. think industry is efficient or not ; how many think workers' wages are too high, their hours too long ; how many do or do not suggest a necessary change in war industry, or stress the need for improved labour arrangements to improve war production. The results are presented in tables such as this :

ATTITUDE	Percentage adopting this attitude among		
	B Class	C Class	D Class
Industry efficient	22	48	52
Industry inefficient	56	37	26
Doubtful, etc.	22	18	22

In explanation of the table we are told that the people concerned are "inhabitants of the seven study-towns," but there is no indication of their total number and of the number taken from each town, how they were chosen, or how many there were from each "class." Nothing is said of the criteria by which the people were put into classes, except that B is middle-class with a basic income of £4-10s., C is "artisan," and D "unskilled-working." In any case, it is to be doubted whether opinions of this kind are suitable material for statistics. Were all those interviewed thinking of the same thing when they thought of "industry" or "efficiency?" Were they thinking of the things which Mass Observation had in mind? Even if we agree that it is important to know how many rate industrial efficiency high or low, it would have been more in accordance with the nature of the material to state the estimate in approximate literary terms instead of giving it the impression of statistical accuracy.

The justification put forward by Mass Observation for its elaborate studies of opinion is that opinion is important, and important because it influences action . . . "Extensive belief in inefficiency is a factor operating towards further inefficiency . . ." This very important assumption, however, is left throughout the Report in the form of simple assertion. It is neither questioned, nor supported by examples. The question at once arises whether persons holding a similar opinion are expected

by Mass Observation to act similarly, as a result, in situations where that opinion will be relevant. Is the connection between opinion and action always the same in kind and degree, and does it operate independently, in a mental vacuum? Faced with the statement that 37 per cent. of C class think industry inefficient, one might well ask whether if three people, M, N and O, all think alike, according to Mass Observation's judgment, that industry is inefficient, do they therefore, all do "x" in the same way, with the same energy and skill, or the same lack of energy and skill? Are they all made thereby, therefore, equally good, bad, or indifferent participants in the war effort? Or do other factors, such as physical strength and the need of money influence action more than, or at the same time as, opinion? If so, it matters little that M, N, and O think alike over a given issue, but much that M is burly and untiring, N has gastric trouble, O has a large family.

We all know the person who talks gloomily to his neighbour all the way to town in the bus, without a good word for anyone, criticising equally the army, the milk ration, his boss, and the transport arrangements; and yet when he gets to work, is one of the most conscientious and energetic people in the place. There is no guarantee that opinion of this kind is not a very superficial out-frothing, having its source in different habits of expression rather than in different realities of a fundamental sort.

It would, indeed, be an interesting experiment if Mass Observation could isolate under experimental conditions, all those said to be of similar opinion, submit them to a common contingency, and observe their reactions to it. Until there is proof obtained in some such way, of the relevance of trying to ascertain the incidence of broad attitudes by Mass Observation's methods, the reader of *People in Production* will pass quickly over the discussion of opinion supported by pseudo-statistical tables to the parts of the Report which treat of total situations in a frankly impressionalist way.

The Wartime Social Survey has proved, however, that it is both possible and profitable to present the results of opinion-study statistically where the question put to the person

interviewed is clearly-defined, concerned with a concrete rather than a broad or abstract issue, and where it is closely connected with his personal life and interests. Tolerably reliable information may be gathered as to what people think of peanut butter, for instance, and it is useful for the Ministry of Food to know this before allocating further shipping space for its importation. It is of some social consequence, also, that opinion about so radical a change of spending habit as was brought about by clothes rationing should have been studied and publicised by Mass Observation. Information services of this sort, constantly improving in technique, will be needed as permanent aids to government, if constructive legislation is to be kept in touch with real needs and wants.

In studying the people working in war industry, and sometimes war industry itself, however, Mass Observation must be considered as leaving the field of question and answer. That this should have happened without the significance and consequences of the step having been realised, provides the clue to *People in Production*. The book stands as an object lesson of talent and resources for social investigation having run partly to waste through failure to submit with humility to a proper discipline of method. Social facts are too deep-rooted and complex to surrender their whole significance either to the first mass observer who takes the trouble to ask a question of someone, or to the analytical imagination working on vast files of personal impressions. It is instructive to remember that Beatrice Webb found this conviction forced upon her early in her apprenticeship to the art and science of social investigation. After working with Charles Booth in his enquiry into London Life and Labour, she says :

"In the course of this enquiry I had learnt the relation between personal observation and statistics. However accurate and comprehensive might be the description of technical detail, however vivid the picture of what was happening at the dock gates or in the sweated workshops, I was always confronted by Charles Booth's sceptical glance and critical questions : 'How many individuals are affected by the conditions you describe ? Are they increasing or diminishing in

number?' I became aware that every conclusion derived from observation or experiment had to be qualified as well as verified by the relevant statistics." She soon learned not to rely too much on the interview. "As I quickly discovered, this way of eliciting information from another person's mind has but a limited use : in many cases it has no value at all except as an introduction to opportunities for direct personal observation. Even direct observation has varying degrees of value according to the nature of the opportunity. For instance, I discovered more about dock labourers as a rent-collector than I did either by touring the docks along with officials or by my subsequent visits to dockers' homes as an investigator. *Observation is, in fact, vitiated if the persons know that they are being observed.*"

Beatrice Webb was voicing, in her own way, the protests that would now be urged against *People in Production* by the advocates of scientific method in social research, and by the advocates of functional penetration. For the results of research to be reliable, the material, they say, should be gathered and presented within a definite statistical framework, and the problems for study should suggest themselves as a result of the investigators taking part in a social situation as a functional member instead of merely looking at it from outside : as a rent-collector in a house, as a factory hand incognito in a factory, as a barmaid in a public house. If these conditions had been fulfilled by Mass Observation in its study of people in industry, the final report would not only have been by far the best of its own productions, but would also have been transformed thereby into an authoritative statement with every chance of wider, permanent recognition.

MARGARET BUNN

Reviews

Soviet Planning and Labour in Peace and War. By MAURICE DOBB. London, 1937. (George Routledge & Sons. Pp. 126. Price 4s.).

There is, at the present stage, an obvious need for information on the economic structure of the U.S.S.R. which is not too technical, which puts things in terms familiar to those concerned with our own economic problems, and which is at the same time friendly and yet not hysterical. This is exactly what this book does, and it is to be hoped that it will find wide circulation among people who "want to know about Russia."

The book consists of four studies, dealing with planning, machinery, finance, labour conditions and war economics respectively. While all four studies are highly informative, the reviewer found the first and third studies the best. Here, Soviet planners and workers are really made plausible to us; they appear as human beings with their failings and achievements—not, as so often, as super-human models of virtue or vice.

The best the reviewer can do to bring home the similarity of Soviet problems with our own—especially our present ones of war adjustment—is to give a list of the facts, from these two studies on planning and labour, which seem to have a specially familiar ring about them.

The author's note about the part played by voluntary co-operatives in production (p. 10) is a useful point for the English student of Soviet affairs; voluntary association seems to play a greater part in Soviet planning than is commonly assumed. Soviet citizens may get anything up to 25 per cent. of their total income in interest on State loans (p. 11); if we translate this into English terms it seems equivalent to £2,000 worth of State securities—quite a sizeable capital investment! The teething troubles of Gosplan (the Central Planning Bureau) might be found to provide a striking parallel with those of the Cabinet Secretariat and Central Statistical Office. One should

not be surprised if some of Mr. Dobb's analysis (pp. 12-18) applies also to the British case. The importance of good "progressing" the gradual development of a technique of planning, the precarious balance of any "plan" between undue rigidity on the one hand and ineffective advice on the other—all these one fancies would be fascinating and topical to our present planners and would-be planners. The relation between the Soviet Departments and factories seems to be on a sort of target-price system. There is fairly strict 'Treasury Control' though it is more a check on efficiency than on finance. The universal turn-over tax with its differential rating reminds one strongly of the more recent development of the Purchase Tax.

The much discussed question of whether there is "free consumers' choice" in the U.S.S.R. is well answered (pp. 72-73). There is no free consumers' choice as between consumption and investment or as between the employment or non-employment of productive resources or the consumption or non-consumption of producers goods; but a certain amount of trouble (*e.g.* by sample votes) is taken to adjust production to consumers' preferences. Moreover, as Mr. Dobb pertinently remarks, the problem of free consumers' choice may well be less important than it seems to Western observers: it is only when standards of living have risen fairly high that we leave the sphere of necessity behind and enter that of free choice.

In the chapter on labour, the analysis of the Stakhanov movement is highly interesting. If we follow Mr. Dobb, Stakhanovism would appear mainly as organised dilution, a breaking down of job demarcation, rather than mere exertion on the part of the worker. Lancashire will take notice that Vinogradova, with the help of nine unskilled assistants, worked 220 automatic looms. Most Stakhanov workers were 25-30 years old, a fact which throws into relief the importance to the economic development of the Soviet system of the high birth rate; it will also, however, mean added difficulties in maintaining industrial output in times of war. The Joint Production Committees might make a note of the special meetings of slow workers convened at Soviet factories.

75 per cent. of all industrial workers are paid on a piece-rate system, a good many of them at progressive piece-rates, on the Taylor system. The question of a revision of out-of-date piece-rates is just as urgent as here though less a management-labour issue and more a consumption-investment issue.

Some of the early difficulties of the Stakhanov system suggest that workers' suspicions against speeding-up are not confined to any particular economic system. The top-wage categories earn about three times the standard rate of the lowest group—about the same relation as in England. The difference, of course, is that no further managerial or inherited hierarchy associated with even larger incomes, is superimposed upon the hierarchy of manual workers and clerks; the technical and managerial staff are, on the whole, on the same level as Stakhanov workers. The ceiling income is at nine times the average wage. Contrary to general belief, before the fall of France, there was no equivalent to the Essential Works Order: but free movement of labour led to excessive labour turn-over and there were serious difficulties arising from absenteeism and bad time-keeping.

This selective summary can give only a faint idea of the wealth of information contained in this small book.

H. W. SINGER

LEAGUE OF NATIONS (*Economic Section*).

The Network of World Trade. Geneva, 1942. (Published in England by Allen & Unwin).

Foreign Trade problems are much to the fore in discussions of post-war reconstruction. The air is thick with "Plans" and State Papers of various colours. Return to Gold—State Trading—Bancor & Unitas—International Commodity Agreements—Bilateral Barter—Free Trade—Exchange Control—Investment Boards—Formation of Trading "Blocks"; all those are merely some of the various recipes prescribed to that sickly patient world-trade. Each "Plan," however confused,

will readily find adherents who will put forward the universal remedy at meetings and in discussions, with more zest than knowledge.

Knowledge of the facts is, indeed, the first thing we need, and here is the book to supply it. *The Network of World Trade* should be made compulsory reading for any speaker on foreign trade and international reconstruction; his hearers ought to sit down and browse for half-an-hour over diagrams 6 and 10 (on pp. 78 and 90) of this book and the other tables in the chapter on "The System of Multilateral Trade" of which they form a part. They will find that their time has been spent more profitably than in listening to desk-thumping speakers of various creeds.

The potentialities of foreign trade after the war are immense; that foreign trade has survived twenty years of international economic warfare (1919-1939) is in itself evidence of a robust internal constitution and an almost incredible resilience. The underlying economic and technological trends have been all the time in favour of expanding world trade. Had the 1919-39 era been one of less virulent nationalism the expansion of national inter-trading could have been the main propellants of abundance and rising standards of living. No reader can fail to have this conviction deeply implanted in him by the time he finishes this book.

"International trade is much more than the exchange of goods between one country and another; it is an intricate network that cannot be rent without loss." That is the main theme of the book. Perhaps even more valuable than the text of the book are the statistics appended to it: these enable the reader to calculate for himself, in any particular case he may be interested in, the loss likely to result from a further tearing of the network and its replacement by a system of bilateral exchanges. The multilateral nature of world-trade is not an accidental feature, but its essence follows from the way in which trade in individual products is concentrated, in which trade radiates from the industrial regions, and the variations in the absolute amount and relative proportions of labour, capital and land in the various countries.

To bring this out fully, the book divides the world into five regions : (1) the tropics, (2) the United States, (3) other regions of recent settlement in the temperate belt, (4) Continental Europe, (5) non-Continental Europe. Taking the groups in this order, and arranging them in a closed circle (so that (1) follows (5) again) it can be said that each group has an export surplus to each succeeding group, and an import surplus from each preceding group ; there are very good reasons why that should be so. There is, of course, also a great amount of trade carried within each of the five groups, and the special position of individual countries within each group is a fruitful field for further investigation.

In relating the story of the progressive breakdown of this multilateral system, the book adds nothing new to what is by now a generally agreed version of this tale of woe. And yet, as related to the facts set out in the earlier part of the book, the analysis seems to gain a new meaning and didactic value.

We said before that we should like to make the tables and diagrams of this book compulsory reading for any participant in foreign trade discussion. Let us add that they certainly ought to be compulsory reading for the participants in post-war conferences for a new economic settlement. The evidence is there—let its tale be studied.

H. W. SINGER

THE MANCHESTER SCHOOL

Acting Editor: T. S. ASHTON

During the war *THE MANCHESTER SCHOOL* will be published at irregular intervals, and not as previously in April and October of each year. Beginning with Vol. 13, subscriptions will be charged at the rate of 5/- *per volume* consisting of 2 parts, instead of 5/- *per annum* for 2 parts, as hitherto. SUBSCRIPTIONS should be sent to the Secretary, University Press, 8-10 Wright Street, Manchester, 15.

EDITORIAL COMMUNICATIONS should be sent to the Editor, *The Manchester School*, Department of Economics, The University, Manchester, 13.

pp. 43-44 deleted, advertising.